

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

AID-05 CIAE-00 EB-07 FRB-01 INR-07 NSAE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 INRE-00 /087 W  
----- 106636

O R 141659Z SEP 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 5451

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS SECTION 01 OF 02 LONDON 14481

DEPARTMENT PASS FRB

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: UK TRADE AND CURRENT ACCOUNT IN AUGUST, L976.

SUMMARY: THE CURRENT ACCOUNT IN AUGUST L976 IMPROVED  
MARKEDLY OVER THE EXTREMELY POOR JULY RESULTS REFLECTING  
THE BEST BRITISH TRADE PERFORMANCE SINCE MARCH OF THIS  
YEAR. THE DEFICIT DECLINED SHARPLY TO 131 MILLION POUNDS  
FROM THE REVISED JULY FIGURE OF 367 MILLION POUNDS, AND  
THE JUNE LEVEL OF 189 MILLION POUNDS. THE VISIBLE TRADE  
DEFICIT OF 291 MILLION POUNDS WAS 236 MILLION POUNDS LESS  
THAN IN JULY, A RESULT OF AN 85 MILLION POUND INCREASE IN  
EXPORTS AND A FALL OF 151 MILLION POUNDS IN IMPORTS. PRO-  
VISIONAL ESTIMATES SHOW EXPORTS OF 2040 MILLION POUNDS  
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(S.A., F.O.B.) AND IMPORTS OF 2331 MILLION POUNDS (S.A.,  
F.O.B.). TRADE IN INVISIBLES RESULTED IN AN ESTIMATED

## SURPLUS OF 160 MILLION POUNDS.

1. VISIBLE TRADE. THE VISIBLE TRADE DEFICIT DECLINED BY 236 MILLION POUNDS BETWEEN JULY AND AUGUST. THE NON-OIL VISIBLE TRADE BALANCE WAS 29 MILLION POUNDS IN SURPLUS COMPARED WITH A REVISED 157 MILLION POUNDS DEFICIT IN JULY WHILE THE DEFICIT IN PETROLEUM AND RELATED PRODUCTS FELL FROM 370 MILLION POUNDS IN JULY TO 320 MILLION IN AUGUST. IN VOLUME TERMS, EXPORTS INCREASED BY 1.9 PERCENT WHILE IMPORTS FELL BY 6.3 PERCENT. THE TERMS OF TRADE INDEX IMPROVED 1.6 PERCENT AS THE IMPORT UNIT VALUE INDEX ROSE BY 0.4 PERCENT WHILE THE EXPORT UNIT VALUE INDEX INCREASED BY 2.1 PERCENT.

## 2. TRADE VOLUME AND TERMS OF TRADE(MONTHLY AVERAGE)

## A. UNIT VALUES

(B/P BASIS; 1970 EQUALS 100. N.S.A.)

	EXPORTS	IMPORTS	TERMS OF TRADE
1974	162.7	218.0	74.6
1975	198.5	245.7	80.8
1975 1ST QU.	184.9	240.5	76.9
2ND QU.	193.4	241.1	80.2
3RD QU.	202.2	247.1	81.8
4TH QU.	210.1	260.4	80.7
1976 1ST QU.	219.0	270.0	81.1
2ND QU.	234.2	293.6	79.9
L976			
MAR.	222.6	274.0	81.2
APR.	228.4	285.4	80.0
MAY	233.9	294.2	79.5
JUNE	240.4	301.1	79.8
JULY	242.6	305.2	79.5
AUGUST	247.8	306.5	80.8

PERCENTAGE CHANGE - LATEST 3-MONTH AVERAGE OVER PREVIOUS 3-MONTH AVERAGE

PLUS 6-1/2 PLUS 7.0 MINUS L/2

## B. VOLUME (MONTHLY AVERAGE)

(B/P BASIS: 1970 EQUALS 100, S.A.)

EXPORTS IMPORTS

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1974	130.1	135.2
1975	124.9	125.6
1975 FIRST QUARTER	128.9	125.4
SECOND QUARTER	122.6	122.2
THIRD QUARTER	120.0	127.4
FOURTH QUARTER	128.3	127.2
1976 FIRST QUARTER	131.6	124.0
SECOND QUARTER	137.1	137.1
1976		
MARCH	134.9	119.9

APRIL	134.8	134.0
MAY	138.2	139.7
JUNE	138.4	137.7
JULY	129.8	140.0
AUGUST	132.2	131.7

PERCENTAGE CHANGE - LATEST 3-MONTH AVERAGE OVER PRE-  
VIOUS 3-MONTH AVERAGE  
MINUS 2 PLUS 4

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SS-15 STR-04 CEA-01 INRE-00 /087 W  
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O R 141659Z SEP 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 5452

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

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USMISSION EC BRUSSELS

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### 3. IMPORTS AND EXPORTS

#### VISIBLE TRADE

(B/P BASIS; IN MILLIONS OF POUNDS, S.A.)

	EXPORTS (FOB)	IMPORTS (FOB)	VISIBLE BAL.
1974	15,899	21,119	MINUS 5,220
1975	18,768	21,972	MINUS 3,204
1975 1ST QTR	4,531	5,383	MINUS 852
2ND QTR	4,479	5,160	MINUS 681
3RD QTR	4,632	5,621	MINUS 989
4TH QTR	5,126	5,808	MINUS 682
1976 1ST QTR	5,420	5,893	MINUS 473
2ND QTR	5,992	7,032	MINUS 1,040
1976			
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MARCH	1,896	1,923	MINUS 27
APRIL	1,922	2,237	MINUS 315
MAY	2,009	2,383	MINUS 374
JUNE	2,061	2,412	MINUS 351
JULY	1,955	2,482	MINUS 527
AUGUST	2,040	2,331	MINUS 291

PERCENTAGE CHANGE -- LATEST 3-MONTH AVERAGE OVER PREVIOUS  
3-MONTH AVERAGE  
PLUS 4 PLUS 10

4. THE INVISIBLE TRADE AND CURRENT ACCOUNT. THE BALANCE ON SERVICES AND OTHER TRANSACTIONS IS ESTIMATED TO HAVE BEEN IN SURPLUS BY 160 MILLION POUNDS IN AUGUST. THUS THE VISIBLE TRADE DEFICIT OF 291 MILLION POUNDS COMBINED WITH THE ESTIMATED INVISIBLES SURPLUS YIELDED A DEFICIT IN CURRENT ACCOUNT OF 131 MILLION POUNDS.

CURRENT ACCOUNT (MILLIONS OF POUNDS, S.A.)		
1974		MINUS 3,347
1975		MINUS 1,673
1975 1ST QUARTER		MINUS 452
2ND QUARTER		MINUS 366
3RD QTR		MINUS 561
4TH QUARTER		MINUS 294
1976 1ST QUARTER		MINUS 39
2ND QUARTER		MINUS 553
MARCH		PLUS 118
APRIL		MINUS 153
MAY		MINUS 211
JUNE		MINUS 189
JULY		MINUS 367
AUGUST		MINUS 131

5. COMMENT: THE TRADE STATISTICS FOR AUGUST SHOWED CLEAR IMPROVEMENT OVER THE IMMEDIATELY PRECEDING MONTHS BUT THIS IMPROVEMENT SHOULD BE INTERPRETED CAUTIOUSLY. THE JULY DEFICIT IN PARTICULAR WAS ABNORMALLY HIGH,

SWOLLEN BY IMPORTS OF NORTH SEA OIL EQUIPMENT, AND THE  
AUGUST CURRENT ACCOUNT BALANCE STILL REPRESENTS A DEFICIT  
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OF OVER 1500 MILLION POUNDS ON AN ANNUAL BASIS.

ARMSTRONG

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## Message Attributes

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**Disposition Case Number:** n/a  
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**Subject:** UK TRADE AND CURRENT ACCOUNT IN AUGUST, L976. SUMMARY: THE CURRENT ACCOUNT IN AUGUST L976 IMPROVED MARKEDLY OVER THE EXTREMELY POOR JULY RESULTS REFL  
**TAGS:** EFIN, UK  
**To:** STATE TRSY  
**Type:** TE  
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